

Social Security

How Workers'
Compensation And
Other Disability
Payments
May Affect Your
Benefits



How Workers' Compensation And Other Disability Payments May Affect Your Social Security Benefit

Ordinarily, disability payments from other sources do not affect your Social Security disability benefits. But, if the disability payment is workers' compensation or another public disability payment, your and your family's Social Security benefits may be reduced.

Your Social Security disability benefit will be reduced so that the combined amount of the Social Security benefit you and your family receive plus your workers' compensation payment and/or public disability payment does not exceed 80 percent of your average current earnings. (Note that the unreduced benefit amount is counted for income tax purposes.)

What Payments May Affect Your Disability Benefits?

As we said, the kinds of payments that affect your Social Security disability benefits are a workers' compensation payment and/or another type of public disability payment.

A **workers' compensation payment** is one that is made to a worker because of a job-related injury or illness. It may be paid by federal or state workers'

compensation agencies, employers, or insurance companies on behalf of employers.

Public disability payments that may affect your Social Security benefit are those paid under a federal, state, or local government law or plan that pays for conditions that are not job-related. They differ from workers' compensation because the disability that the worker has may not be job-related. Examples are civil service disability benefits, military disability benefits, state temporary disability benefits, and state or local government retirement benefits which are based on disability.

What Payments Do Not Affect Your Social Security Disability Benefits?

The following payments do not count when deciding if your Social Security benefit will be reduced:

- Veterans Administration benefits;
- Federal benefits, if the work you did to earn them was covered by Social Security;
- State and local government benefits, if the work you did to earn them was covered by Social Security;
- Private pensions or insurance benefits; and
- Supplemental Security Income (SSI) payments.

How Do We Make The Reduction?

Figuring Average Current Earnings

First, we figure your “average current earnings.” Average current earnings are the **highest** of the following:

- The average monthly earnings we used to figure your Social Security disability benefit.
- Your average monthly earnings from any work you did (including self-employment) covered by Social Security during the five highest years in a row after 1950.
- Your average monthly earnings from work or a business during the year you became disabled or in the highest year of earnings you had during the five-year period just before you became disabled. (Divide the total year’s earnings by 12 to get the average current earnings.)

All earnings covered by Social Security, including amounts above the maximum taxable by Social Security, can be used when figuring average current earnings.

Figuring The Reduction

Your monthly Social Security disability benefit, including benefits payable to your family members are added together with your workers’ compensation, or other public disability payment.

If this sum exceeds 80 percent of your average current earnings, the excess amount is deducted from your Social Security benefit. But, the amount of the combined benefits you and your family receive **will never be less than** your and your family's total Social Security benefits before they were reduced.

The reduction will last until the month you reach 65 or the month your workers' compensation and/or other public disability payment stops, whichever comes first.

What You Must Report

This section lists several events you should tell us about.

If There Is A Change In The Amount Of Your Other Disability Payment

It is very important that you tell us if the amount of your workers' compensation or other public disability payment goes up or down. The change probably will affect the amount of your Social Security benefits.

**If You Get A Lump-Sum
Disability Payment**

If you get a lump-sum workers' compensation or other disability payment to settle your claim, the amount of the Social Security benefits you and your family receive may be reduced.

This is done by prorating the lump sum over the number of months the workers' compensation or other public disability benefit would normally be made if you had not gotten the lump sum. The prorated amount is then added to the Social Security benefits you and your family receive. This sum is compared to 80 percent of your average current earnings to decide if Social Security benefits must be reduced.

**If Your Workers' Compensation Or
Public Disability Payment Stops**

If your workers' compensation or public disability payment stops, your Social Security benefit usually will increase.

For More Information

You can get more information 24 hours a day by calling Social Security's toll-free number, **1-800-772-1213**. You can speak to a service representative between the hours of 7 a.m. and 7 p.m. on business days. Our lines are busiest early in the week and early in the month so, if your business can wait, it's best to call at other times. Whenever you call, have your Social Security number handy.

If you have a touch-tone phone, recorded information and services are available 24 hours a day, including weekends and holidays.

People who are deaf or hard of hearing may call our toll-free "TTY" number, 1-800-325-0778, between 7 a.m. and 7 p.m. on business days.

The Social Security Administration treats all calls confidentially—whether they're made to our toll-free number or to one of our local offices. We also want to ensure that you receive accurate and courteous service. That is why we have a second Social Security representative monitor some incoming and outgoing telephone calls.

Social Security information is also available to users of the Internet. Type <http://www.ssa.gov> to access Social Security information on the Internet.



Social Security Administration
SSA Publication No. 05-10018
June 1997 (*May 1996 edition may be used*)
ICN 454500
Unit of Issue — HD (one hundred)



Printed on recycled paper